

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

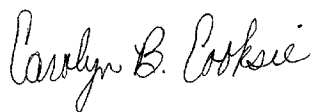
Notice FLP-74

1910-A

For: State and County Offices

Creditworthiness Determinations

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

FSA loan approval officials make determinations about acceptable credit history.

B

Purpose

This notice provides guidance for determining creditworthiness for direct loans.

2 Action

A

**Loan Approval
Official
Determinations**

The loan approval official will make determinations of acceptable credit history in direct programs according to FmHA Instruction 1910-A, Section 1910.5(c).

B

**Determining
Creditworthiness**

Nonpayment of debts or delinquent payments that were within an applicant's control may be used as an indication of unacceptable credit history. However, there are certain circumstances that do **not** constitute unacceptable credit history according to FmHA Instruction 1910-A, Section 1910.5(c).

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Disposal Date

July 1, 2000

Distribution

State Offices; State Offices relay to County
Offices

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2 Action (Continued)

B

Determining Creditworthiness (Continued)

In addition, applicants may be determined not creditworthy if any of the following applies, they:

- deliberately falsify information
- intentionally omit information relevant to the loan decision
- do not make every reasonable effort to meet the conditions and terms of the proposed loan.

These individuals may also be subject to criminal prosecution and should be referred to OIG.

C

Approving Official

If the applicant has an unacceptable credit history, the loan approval official shall:

- deny the loan on the basis of a lack of creditworthiness (7 CFR 1910.5)
 - provide applicant with appeal rights
 - include specific reasons for the adverse decision:
 - on FmHA 440-2
 - in the Notification of Eligibility/Ineligibility sent to the applicant.
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D

Contact

State Offices, with questions about this notice, may contact Kathleen Miller, LMD, at 202-720-1643.
